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URBAN LAND

NEWS AND TRENDS . . .

IN CITY DEVELOPMENT

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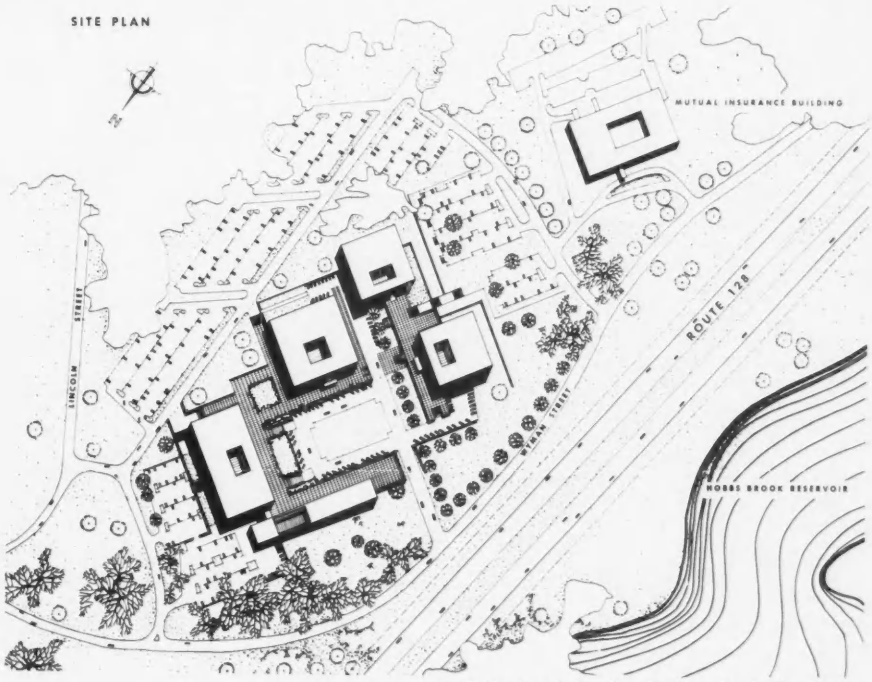

R. M. Bradley & Co., Inc., Boston—Exclusive Agents.
Anderson Beckwith & Haible—Architects.

Hobbs Brook Park Office Buildings

Editor's Note

The three articles included in this symposium are excerpts from presentations on the subject of small office buildings at a seminar held last fall in Ft. Lauderdale, Florida, by the Community Builders' Council.

At the same meeting, Robert Trent Jones, golf course architect of New York City, spoke on "Golf Courses and Their Place in Residential Subdivisions." His remarks are noted here for their bearing on land development.

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Plan-itorial . . .

Trials and Treatments in Downtown Malls

There is a vast difference between creating a mall in a suburban shopping center and in improvising a pedestrian concourse by converting an existing street downtown.

In the shopping center, the single property ownership makes it possible to arrange space deliberately for retail shopping in comfort. Tenant location and building occupancy are controlled. Service facilities are separated from pedestrian access as part of the structure. Close-by parking is incorporated as a feature of the property's layout. Shoppers then move in and out of stores through an enclosed space planned for use by customers who are also pedestrians.

In a downtown district, the existing street serves multiple parcels of property held in separate ownerships having individual structures built at various times and for various purposes. The street provides access for services. It also is the corridor for circulation to the immediate buildings and to others on other streets. Parking may be near or it may be several blocks away. The street is a confusion in space required for movement of pedestrians and for vehicles. To transform these complex conditions into a setting for a shoppers' mall means doing more than making a mere street closure, with trees and benches brought in for furniture.

Toledo's Experience

In the general desire to inject treatment for Downtown's retail shopping ills, the pedestrian mall seemed a likely remedy, quickly applicable. In cases where the street closure was drawn upon, the mall's magic became a hazy illusion when the novelty of the experiment wore off. Pedestrian circulation was disclosed as a minor trouble. Problems in mass transportation, parking requirements and traffic movement were complicated. Besides, many practical problems in property use and building service broke out where no problems existed before.

Apart from the complex aspects of interruption to traffic movement, the street conversion raised other controversial conditions as was learned from Toledo's widely publicized experiment. Commissioner Paul Robinette, Division of Traffic Engineering, reported on what Toledo found must also be overcome in addition to the engineering for displaced street traffic. He reported handicapped mail and commercial delivery services and building maintenance operations. Besides, the issue was raised about impairment of property rights for interior block businesses not capable of surviving on walk-in trade alone. Similarly, dissension arose about financial and commercial discrimination when businesses favorably situated benefited while their competitors in other locations didn't fare as well.

Ottawa's Experiment

Another noteworthy mall experiment was held in Ottawa, Canada, between May 15 and October 10, 1960. The Sparks Street Mall has just been reported on by the special committee appointed to evaluate the experiment. From its findings, the committee concluded that the trial was a success because it did not adversely affect general traffic flow through the center of Ottawa; it improved bus traffic flow; it stimulated business on Sparks Street; the public's reaction was favorable and the mall itself a pleasant feature of pedestrian Ottawa during the summer of 1960.

Mooresville's Treatment

The Toledo and the Ottawa mall experiments both can be seen as praiseworthy starts toward downtown revitalization. Each accomplished a feat in stimulating interest and activity within the downtown area. But each must be looked at as a short-lived promotional event and not as a lasting prevention of downtown disintegration. The temporary street closing to make a pedestrian

(*Continued on Page 8*)

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TRANSPORTATION LEGISLATION

Legislation providing for Federal aid in improving mass transportation facilities in urban areas has been introduced to the Congress. The bill, introduced by Senator Harrison A. Williams, Jr. and 18 Senate co-sponsors, is a revised and expanded version of an earlier bill which passed the Senate last year. S. 345 provides a low-interest, long-term revolving loan fund of $250 million for the improvement of mass transportation facilities and equipment such as terminals, stations, rolling stock and fringe area parking lots. It also provides $75 million in a matching grant program for broad-scale research, comprehensive, area-wide mass transportation planning, and experimental demonstration projects.

This transportation bill is a companion to Senator Williams' legislation for preserving open space in and around our urban areas—see Planitorial, *Urban Land*, February 1961.

I. HOBBS BROOK PARK OFFICE BUILDINGS

by
Fred F. Stockwell
Vice-President, R. M. Bradley & Co., Inc., Boston

Hobbs Brook Park office buildings are a novel concept in commercial real estate development. They are a planned office center incorporating characteristics of the industrial park. This new center is being built on an 84-acre site served by Route 128 in Waltham, Massachusetts, a community suburban to Boston. Thus, Route 128 will acquire another notable development. Route 128 is the Boston metropolitan area's circumferential express highway, which has attracted garden-type industrial plants to the extent that *Time* magazine calls it the biggest, fastest growing science-based complex in the United States.

Planning and Design

This office park has a resident landlord, a situation which offers protection in perpetuity to all in the Park. The landlord is Boston Manufacturers Mutual Insurance Co. and Mutual Boiler Insurance Co., which have already built the first structure on the site as their home office. Eventually, four other three-story office structures planned for tenants may be included. The initial structure, the Mutual Insurance Building, won a series of architectural awards, including the Boston Arts Festival first prize.

Construction will be fireproof, with fully air-conditioned tenant space. Depending on eventual leases, the new buildings may be occupied by single tenants or by several tenants. Tenants will have properties constructed to their needs. Long-term net leases will be arranged when a tenant occupies an entire building. Gross leases will pertain in multi-tenant buildings for both long- and short-term periods so as to give complete flexibility of choice to a prospect.

The structural module is approximately 5 feet. The floor plans provide complete flexibility for arrangement of large open employee areas or private offices of various sizes, as well as for mechanical and electrical services. The structural design permits floor loadings for files and heavy electronic business machines, with acoustical treatment built into the building.

The site design groups the structures about an open plaza easily accessible to car parking spaces fitted onto the landscaped grounds. Beside its maintenance and upkeep features, another selling point in this office center is its demonstration of model office space already in operation.

The Landlord's Own Experience

The Boston Manufacturers Mutual Insurance Co. and Mutual Boiler Insurance Co. came to their site in Waltham after a great deal of research on urban vs. suburban office location, especially as a solution to the personnel problem. After being there for a while, the personnel officer of the companies stated, "We have been successful in hiring a more desirable type of person than was consistently available in Boston and at substantially less expense. We are satisfied, too, that our good location in a basically selective community has had a strong impact on our productivity. In addition, the functional design of our building has had its favorable effects."

Specifically, these advantages have resulted in: (a) much lower employee turnover; (b) older, steadier and more responsible workers; (c) less idle time from gossip and rest room visits; (d) less time lost due to "sickness."

A company officer has concluded, "Space costs are a relatively moderate proportion of office expenses. One need visualize only moderate improvement in productivity to make suburban space substantially less expensive than in-town operation. This improvement in productivity comes about in a variety of ways—a more stable and experienced clerical force, an improving quality of employees, less time lost in dealing with traffic congestion problems, and easier commuting." He also has had a happy experience in hiring a few secretarial and clerical workers on a short work-day schedule, which enables them to carry on family responsibilities.

Our company, R. M. Bradley & Co., Inc., of Boston, has been retained as agents to develop the center. It will be interesting to see if this concept of an office building park starts a commercial space trend locally. At least its planning and development should rule out haphazard growth which eventually foists crowding and deterioration on us. The phrase that we are underscoring in this project is "Protection in Perpetuity," this being our most unusual and our greatest asset.

II. FINANCING SMALL OFFICE BUILDINGS

by
Lawrence P. Naylor, III
James W. Rouse & Co., Inc., Baltimore

Some time ago, I called on a major insurance company officer while he was opening his morning mail. He tossed one item across the desk to me. It consisted of two sheets of paper in letter form, typed double space. It was an application addressed to this particular officer asking for a loan of five million, one hundred thousand dollars on a shopping center. I think the insurance officer's first reaction was one of personal insult followed by an attitude of suspicion and apathy. "My Lord," he said, "if I want to find out anything about that man, I shall have to dig and dig and dig."

A Good Presentation Is Important

The importance of good presentation in a loan submission to a prospective lender cannot be overemphasized. A presentation has to compete for the attention of a lender, and if important ingredients are omitted the application can easily be ignored.

In our company, we present virtually every loan application in brochure form. For small office buildings in a metropolitan area, I suggest this sort

of material be presented to a loan officer of the financial institution:

Chapter one should be something about the metropolitan area itself (unless you know that the lender to whom you are applying is as familiar with your metropolitan area as you are). If there is any doubt on that score, give him some high spots about population, income ranges, age groups, and, in general, what makes the city tick. Chapter two should focus upon the neighborhood in which the building exists or is to be constructed. Let him know about public transportation available for the building, the road pattern for access to the site, the convenience of the location to downtown—and other factors of this sort. Be sure to include pictures, particularly of the city itself and the neighborhood of the office building. You cannot have too many when you are making a long presentation. Aerial photographs are almost always good. They are not as expensive as people think; and once you build up a file they can be re-used in other loan applications. For ground photographs, use color, which is not much more expensive but more impressive. Color tells the story a lot better than black and white.

The third category of necessary information relates to the owners and developers of the building—their background and equity position, particularly if the building is to be built. State whether they are experienced in office building development and management. The lender is very interested in whom he is lending the money to, not in just what the reason is for the loan. He has a right to be concerned.

The next category is the subject property itself. Of course the plot plan is needed, the building plan, if it is still to be built; and most particularly, colored pictures of the building (even if this means some extra expense). What you are trying to do is to get money from a group of men in another city who probably have not and will not see this site before they commit for the loan. The more pictorially you can present this proposition to them, the better off you are.

Next is tenancy. In almost every case you have to have a good foundation of actual leasing accomplished before you can talk seriously to a lender about the permanent financing of a building. But this is not always so. Washington, D.C. is one place where commitments have been issued not subject to any leasing, or before any leasing has been accomplished. This is rare, and I wouldn't count on its happening elsewhere. Typically, fifty per cent of the building should be accounted for in leased space before you go after the loan, and most of it should be of major tenancy. Different lenders have different definitions for the word "major." By and large, their definition of a major tenant in an office building has been less exacting than in a shopping center.

Next, present a rent schedule in two categories: one, the story of the space which is leased; and two, the space which is yet to be leased. These items can be set forth in very simple tabular form: the name of the tenant; the net area he has leased; his annual rent in rent per square foot; the term of his lease; any renewal options, etc. And most important these days is a tax stop clause—which is more and more often expected—stating that after the first year, the second year or the third year, depending on the lease, the tenant will pay his share of the real estate taxes.

It is normal in an office building for the landlord to pay all the operating expenses and insurance. Sometimes in a given lease negotiation there will be deviations. Such deviations, like non-leased space, affect the equity of the building and the appraisal should point this out. You can simply project from the actual leasing a per square foot rental for the unleased space, and possibly mention prospects for it who are in the offing.

The next category in your presentation is operating expenses. You can impress a lender with details on comparable operating expenses in other similar buildings in the area. The answer takes some digging to get the figures, but you can and must get them. If the billing is excessive, you need at least three years of actual detailed operating expenses outlined for your particular building.

The Appraisal

These first suggested chapters in the presentation pamphlet, brochure or book provide the tools necessary to lead up to the next to the last step, which is the appraisal. I will not go into that in detail. You give an economic fiscal summary appraisal to the lender on his forms, if he has them, or on your own if he does not provide them.

Finally, the loan request is a maximum of two-thirds of the summary value. In small office buildings you will get a dual commitment if you ask for a commitment when leasing is only fifty or sixty per cent completed. In such cases, rental dollars from the space actually leased is not sufficient to cover the service on the entire loan request plus the operating expenses. Therefore you will get a two-phased commitment, perhaps an ultimate loan of $500,000 firmed at $350,000, the other $150,000 being committed by the lender but subject to your coming up at some specified time with additional leasing to tenants, and on terms satisfactory to the lender, to provide the arithmetic so that the total rental income from all the leased space will cover the service on the full loan, the operating expenses on the entire building, and a cushion of five or ten per cent.

One last coment: Lease terms are particularly important on a pay-out loan in a shopping center, but not quite so important in an office building loan.

Office leases simply are not as long term as shopping center leases; and yet, on a well located over-all office building, it is perfectly normal to get a twenty year pay-out on a loan with a lease running five, perhaps ten or fifteen years in the picture. This fact, I think, makes it all the more apparent that proper presentation of the real estate itself is particularly important in smaller office buildings. It does not ride so much on the straight arithmetic and Dun and Bradstreet report on the tenants, but does require more of a selling job. You have to paint a better picture, and more of a picture. That is all.

III. MANAGEMENT OF SMALL OFFICE BUILDINGS

by
A. T. Beckwith
The Keyes Co., Miami

Based on information from various properties we operate, a small office building varies in size from about twelve thousand square feet to fifty-five thousand square feet, with gross income ranging from thirty thousand to two hundred fifty thousand dollars a year. The income ranges from $2.43 to $4.43 per square foot. Operating costs range from sixty-three cents to $2.76 per square foot.

What is a small office building? There is no simple rule that applies in all instances. The Building Owners and Managers Association puts out a very fine office building report containing a section on operating expenses for office buildings under fifty thousand square feet. So probably, in the light of all of our experiences, we might agree that a small office building is under fifty thousand square feet in gross floor area.

Management Problems

There are management problems and they vary according to the particular property. For example, a one hundred percent occupied single tenancy building with a national tenant on a fifty-year lease poses only very slight management problems—such as mechanical ones having to do with heating or air-conditioning or lighting or exterior maintenance. But these are small compared with the multiplicity of problems that exist in a multiple-tenant building.

Another kind of management problem can be illustrated by a building with ten tenants, let us say, on five-year leases. During the first five years, a new building has very minor operating problems. But automatically there will come the lease renewal period with problems that will be serious. If the leases were for five years, you may find yourself in a very bad market, and the tenants may have you over a barrel so that your investment will not look so good during the second five years. Besides, you may have a poor program for small maintenance and repair items including cleaning, air-conditioning, heating, elevator operation, and other contracts such as trash removal, and utilities. These are operating problems which should be handled by someone who is competent. The costs involved are important, otherwise they can eat up the net income if not kept in proper perspective.

The next example of a management problem is a building that is fifty per cent occupied. The first remedy is promotion. You have to publicize and promote the fact that you have space available; and then, as you discover the prospect, you will have to complete some very successful leasing negotiations to produce a suitable income.

That is management. Do not think it is an easy thing. Do not let anyone tell you that building income properties does not require management. In your leasing and promotional programs you have the question of alterations plus a battle on the rates before finally coming to terms. Following that, if you are successful in filling your building, you have ordinary operating problems.

Management Costs

Some typical costs for small office buildings include supervision by management agencies. Cleaning costs run about twenty-five cents to thirty-six cents per year per square foot. Elevator contracts for automatic service range usually from fifty to one hundred fifty dollars per month per car. Air-conditioning requires financing. The management fee in most cities is five per cent of the monthly rentals and the leasing charge is generally about three per cent of the amount of the lease.

Operating Costs

As landlord, there are variable cost items over which you do not have control—costs for such things as air-conditioning, heat, electricity, water, janitorial services, janitorial supplies (including light bulbs), interior maintenance (including plumbing, heating, air-conditioning, and electrical fixtures), equipment, and decorations, exterior maintenance, and landscaping of grounds. These are all variable items which go into the cost of operating an office building.

The only other cost remaining is debt service on the mortgage, which is naturally constant; at the time you build you know what that will be by the terms of the mortgage. You also know what the return will be on the land. But, in order to make an intelligent lease with an office tenant—no matter what size tenant it is—you have to determine what the variable costs are going to be.

The variable costs can be called a service factor; even though you call them what you like, you are confronted with them. In any case, you cannot guarantee the variable costs for the term of a lease. You do not know what they are going to be.

GOLF COURSES AND THEIR PLACE IN RESIDENTIAL SUBDIVISIONS

by
Robert Trent Jones
Golf Course Architect
New York City

There are more golf courses today and more money is spent playing on them than was ever spent in the '20's. There are about 200 new golf courses throughout the United States. These are of several types: the exclusive country club, which isolates itself brooking no interference whatsoever; and the residential development type club, which makes a happy relationship between the facility and the golfer.

In moving from city to city to locate an area in which a golf course should go, and in seeing the road systems,

the new interstate highway system particularly, you find new communities. These communities, properly planned, wil bring people to them. But there is a limit to the distance that people will go for recreation. The distance varies in different cities. For instance, in New York, if you drive an hour to a golf course in a suburban community, you would think you were the most fortunate person in the area. There, an hour does not mean anything. It usually takes an hour to an hour-and-a-half or two hours to reach a golf course. When it takes two hours, to my way of thinking, the situation is getting out of hand.

Take another city, Louisville, Kentucky. There, it takes only 22 minutes to get to the golf course, but people start saying it is too far out. There is a local travel time limitation on golf course location.

I would like to point out that there is going to be a tremendous growth in golf clubs in this country, and of all outdoor types of recreation. I don't mean just golf clubs, but swimming clubs, tennis clubs, etc. This growth will reach down to almost every income level. Yet there is a limit to how many clubs can be built at one and the same time. I know you are aware of the necessity to consider such things after analyzing them.

There is a need for clubs. There are many people in almost any area who want them. When you go into an area to form a new country club you are faced with the possibility that there are "exclusive" clubs with 50 or 60 years of background already there. You have to analyze what type of club you are going to have and decide on your objective.

It is possible to form a new club and take membership away from another club. To do this, it is necessary to get the right nucleus of people to start the new club. Most of the clubs being built now are not the exclusive type but are planned for the working men of the area. These people will do the job for themselves within fifteen years or so. This is happening because there is such a universal need for recreation.

Development Patterns

As to the type of golf club you will build, I assume that you are interested in what I call the "country club estate." Coral Ridge is that type.

I do not know of any generally accepted pattern, but to me the pattern is this: You keep your larger lots along the rim of the golf course and then in the next row back from the course you have a smaller lot type. There is another possibility if you have a thousand acres. You can have a finger or spoke type plan in which every lot line in the development is on the golf course. The Del Webb people told me they were building such a course in Phoenix. They have 500 lots on the golf course, 70 feet wide. That is one type. I do not know whether that pattern is good or bad. But if you are building a country club type of area, I think the first or consolidated type is better. You create a class type of development and everyone behind the golf course area feels they live in a high type community. For the sake of the golf course itself, I believe people should have the feeling that it is a park-like area where they can get out and be with the birds and the bees and forget their troubles. At least the golfers will not slice at every house fronting on the course. If you want to see why you may be in trouble with the finger type of lot development, just stand on the first tee and you will watch the most gorgeous collection of hooks and screws you ever saw in your life.

Financing

I might be able to help you a little bit on the subject of financing because every place I go the first thing I am asked is, "How are we going to finance this golf course?"

It is difficult to finance a country club. Insurance companies do not go for them too much and if they do, they only want to finance such a small portion that their help does not really mean anything. After you buy your land, you then have the development cost of the golf course and the club house, even though the land value builds up and become a tidy sum.

If there were a way of financing a country club that could stretch the financing over a 20-year period, the initial group would not take all the burden. The cost would be practically one-third, because during that period, by normal attrition and moving away you will get about three turnover memberships. It would be helpful. This is one of the problems. Actually, in this case you would probably find half as many country clubs in the country as we have now.

I talked to the president of an insurance company and asked, "Why is it you will not lend country clubs money the same as other enterprises?" He said, "In the first place they are a little bit like churches. We do not want to foreclose on a country club." The record will show that during the crash they all survived. Very few went into bankruptcy.

Costs

The next thing I think might be helpful is information on what a golf club should cost. The cost is probably around $10,000 a hole. We are now paying more for labor. Fortunately, big earthmoving equipment offsets labor cost. With a normal yardstick, and this means favorable lending, cost would be $10,000 a hole plus the cost of the water sysem. But any liability the property may have is in excess of that figure. This is an unknown factor; the liability would be in the following categories over and above the normal yardstick:

There is no way of telling what you will get into on a piece of property. Some property requires a tremendous amount of drainage and in other places you get rocks, swamps, and so forth. If I were to ask you how much it would cost to build a mile of road, you would say, "Well, what are you going to build it on? Are you going to build it on rocks, or what?"

We have gone into areas and have been confronted with all sorts of ground conditions where, if we had been called in to give an opinion, a hundred or two thousand dollars could have been saved. Real estate men are not able or equipped to plan or to develop a course even though they sell the idea on the basis that they can do it cheaper than anyone else and their fees are half what someone else will charge.

I have been asked, "What price can you pay to develop a golf club?" I look at the question in two ways: If it is going to be an isolated country club with no other benefits, you cannot pay more than three to five thousand dollars an acre—that despite your club house and pool. Otherwise, it comes so high you price yourself out on the membership. If it is a country club estate area, the development cost will be reduced in direct proportion to what you do. As far as the development is concerned, that will vary in each given situation.

Planning

Where you have single holes, you have to have a minimum of 350 feet for the fairway from lot edge to lot edge, preferably. You have to develop a fringe area of tree planting that will protect the holes, particularly in what I call the target areas. These are the

areas from 80 to 275 yards or so down the fairway. That distance allows for almost every category of player. I would say 160 yards, because you have women players on a lower level, is the target area for concentration on first shots. Then the secondary area will be about 3200 to 6400 yards. (While we are talking about planning, if you get involved in golf course planning of any sort, get a master development plan, otherwise you will get a hodgepodge.) The lot owner has to conform to a 25-foot setback line to conform to the planting pattern, and you would still have a very pleasing golf course.

Questions

Question: What is the most desirable length of your courses, 6,200 or 6,400 yards, which is not considered championship length?

Answer: If you want a course to have major tournaments, which most clubs want, it should be around 6,900 or 7,000 yards. The minimum area is about 150 acres. If you have any less than that you are creating a possible hazard. If you have terrain such as you may get in Atlanta, where you may get waste land between the fairways, you get 25 or 30 acres that are not usable.

Question: For a par-3 course, what is the minimum area?

Answer: Not less than 30 acres; and that keeps you restricted to par-3 holes only. The ideal would be closer to 50 or 60 acres. That would give you an opportunity to have four par-4's and give you an opportunity to have shots to use all the clubs in your bag.

Question: How much area would be required for the driving range?

Answer: 15 acres; the driving range is 14 acres minimum. It is quite wide. It is 275 yards long, as I compute it the area comes to 14 acres.

Question: Would that 50-acre figure for a par-3 course include land for home sites?

Answer: The 50 acres is just the golf course.

Question: When you build a championship golf course, doesn't it create a membership problem? Most of us as golfers are not in the championship class.

Answer: Let me go into that. Some people have the feeling that I design very tough golf courses. As a matter of fact, I am the duffer's friend. My feeling is that you can create a golf course that will incorporate principles for both easy play and championship play. You might say that it is ridiculous. Let me show you how. If you get flexibility in the golf course by keeping your average golfer in his range only, and not in the range of the big hitters, you will have a clear first shot which gives him a great deal of latitude to hook or slice. The second shot will pass the trouble to the big hitter when he is up short of the green. If he gets there, he is using a club that has a higher lob which he can handle better. When he gets to the green the better golfer levels off. By keeping the target areas free, we can get easy bogies and hard pars. In other words, if you missed the shot and you were a good player, you may get a trap. If you miss your second shot, you may get a trap. We like to have fairly large greens on this principle. No matter what sports you are interested in—rifle ranges, bows and arrows—the bigger the target, the easier the hit. You can get more flexibility. You can have it very tight or make it very easy. So with a long tee, and with our courses generally running from 5,600 to 7,000 yards, the layout is fine.

The question you might ask next is, is that not expensive? The biggest expense you would have in land is the cost of maintaining that extra golf course. It is not more than an acre, and if you said you did not want to maintain the back part of the golf course, the green keeper would not cut off one man or save a nickel. He would use mechanized equipment. We can prove to you by the courses we have built that this technique does work out beautifully in planning for that kind of course.

CONSTRUCTION UNDER WAY IN CHICAGO'S CENTRAL AREA

Chicago's Central Area is in the midst of a half-billion-dollar construction boom.

The Mayor's Plan for Development of the Central Area was announced in 1958, but as figures show, construction in the Area has been the result of the efforts of private interests which have chosen to lead the drive for improvement and revitalization. This is a true demonstration of private enterprise's confidence in the Central Area.

Since 1958, cost of new construction in the Central Area (from the Chicago River on the north and west to Roosevelt Road on the south and Lake Michigan on the east) has totaled more than $247,860,000. This includes only those buildings completed in the past three years or now under construction. The total does not include the money spent in remodeling existing structures.

The Rebuilding's Perspective

One way to put the $247,860,000 figure into perspective is to compare it with the cost of rebuilding the entire city of Chicago from the time of the Great Fire, October 8, 1871, until January 1, 1890—a total of $257,215,779.

The new space created since 1958 amounts to almost six and one-half million square feet. In addition, there are 896 new housing units and 656 new hotel and motel rooms.

It should be pointed out, too, that the cost of the present Central Area building boom, like the cost of reconstruction after the Fire, is being borne largely by private interests with only a fraction of the needed funds coming from governmental agencies.

Contemplated Projects

The cost of contemplated projects in the Central Area also should be added to the total spent on those buildings which have been completed or will be completed by 1962. These projects include the 185-million-dollar, 60-story structure on Illinois Central air rights announced by Tom B. Boston, Dallas, Texas; the 25-million-dollar, 35-story apartment building on air rights announced by Jerrold Wexler, and the U. S. Gypsum Building at Wacker and Monroe. The grand total, then, is more than twice the cost of rebuilding Chicago after the Fire.

The Meaning to Chicago

Obviously, this construction boom has made an important contribution to the tax structure not only of Chicago but of Cook County and the State of Illinois. Beyond that, it has meant that the Central Area is infinitely more attractive as a new location for business. There are other factors which are equally important:

First, this new construction shows what can be done when a community like the Central Area realizes what its needs are and makes a determined effort to strengthen and improve itself.

Second, it shows that Chicago Central Area Committee can achieve results by helping this community visualize its needs and by pointing the direction which improvement should take.

Third, the construction boom, un-

precedented in Chicago's history, means one era has ended and a new one has begun.

The buildings which have been torn down to make room for new structures helped make Chicago great. The new buildings which have been built and planned in the past three years demonstrate that modern architecture can be beautiful as well as functional.

In addition, new treatments for sites have been developed to enhance the beauty of these new buildings and to give the entire Central Area a more open, cleaner look.

The Committee's Role

The Chicago Central Area Committee has played a part in all of this with its efforts to improve confidence in the Central Area and to attract new business. The Committee's many studies have furnished basic and valuable information for builders and developers and have influenced the general planning of the Area.

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CHICAGO'S DOWNTOWN OFFICE SPACE SUPPLY

As a corollary to the Chicago Central Area Committee's story about construction in the downtown area, the Federal Reserve Bank of Chicago has just published in its April issue of *Business Conditions* an account of the office space supply. Excerpts from the Bank's article are reprinted here.

In any large city the downtown area has long been the prime location for business offices, retail and wholesale establishments, hotels and theaters and other entertainment and cultural attractions. While this remains the case today, a number of factors have worked to reduce the CBD's *relative* importance. In almost every major city retailing has decentralized, following the customers to the suburbs. In Chicago, for example, one of the big State Street department stores closed its doors in 1948, releasing a substantial building for conversion into office space. Wholesale firms also have spread out, often to one-story plants on extensive tracts at the edge of the city. Television, "do-it-yourself" home modernization and maintenance work, larger families and the growing inconvenience of travel between remote residential sections and the heart of the city have cut deeply into the entertainment business in the central district.

The downtown area has for the greater part, however, retained its primacy as a location for offices. Although moves to outlying sites have occurred, there has been no general exodus.

The best example of a central area which has not only maintained but greatly enhanced its position as a location for business offices is Manhattan Island. The postwar boom in construction of new office buildings in New York has increased the office space available in that city about 50 per cent since 1947.

In downtown Chicago, the amount of office space has grown since the war by about 20 per cent. (Data are drawn largely from a recent report, *Central Area Office Space Study: Chicago, Illinois*, prepared for the City Planning Department by the Real Estate Research Corporation, 1960.) At the end of 1960 the supply stood at 47.6 million square feet.

Most of the added space has come from conversions of area previously used for retailing, wholesaling, storage and other non-office purposes. This source has provided about 5.4 million square feet. New construction has contributed 3.9 million. Meanwhile, the demolition of old buildings has subtracted 0.8 million, for a net increase of 8.5 million square feet.

Construction Activity Gains Sharply

Construction now "under way" will provide almost 4.7 million square feet of additional area for office use. Some will become available later this year, but the bulk is not due for occupancy until 1962 or later. Two of the ten projects in progress are only at the stage of site clearance.

Most of the postwar construction of new offices has taken place since 1950; only 250,000 feet or so were built in the earlier postwar years. Furthermore, the work in progress at present considerably exceeds the total volume completed in the fifteen years since 1945. However, all the construction since the war (including that now under way and the conversions) add up to only about half the 17.8 million square feet added during the boom of the Twenties.

Construction carried on between 1920 and 1930 raised the office space in the CBD from 5.9 to 7.8 square feet per resident of the Chicago metropolitan area. By 1940 the average had increased still further, to 8.2 square feet, mainly because of the completion after 1930 of several structures begun in 1929 or before. Largely reflecting building demolitions and population growth, the supply per capita dropped to 7.1 feet by the end of 1960, despite the new construction and conversion of existing buildings. Thus, the supply today is smaller in relation to the area's population than it was thirty years ago. But with the completion of work now in progress, space per capita will roughly equal the supply available in 1930.

A conspicuous feature of postwar office construction in Chicago has been the comparatively small amount done "speculatively." All but two of the dozen major new buildings (250,000 square feet or larger) have been erected by or on behalf of firms expecting to occupy most of the space.

Insurance companies have been especially prominent as sponsors of new office buildings. Their share of construction completed since the war amounts to 30 per cent, as measured by floor area, and these companies are responsible for more than 40 per cent of the work under way.

PLAN-ITORIAL

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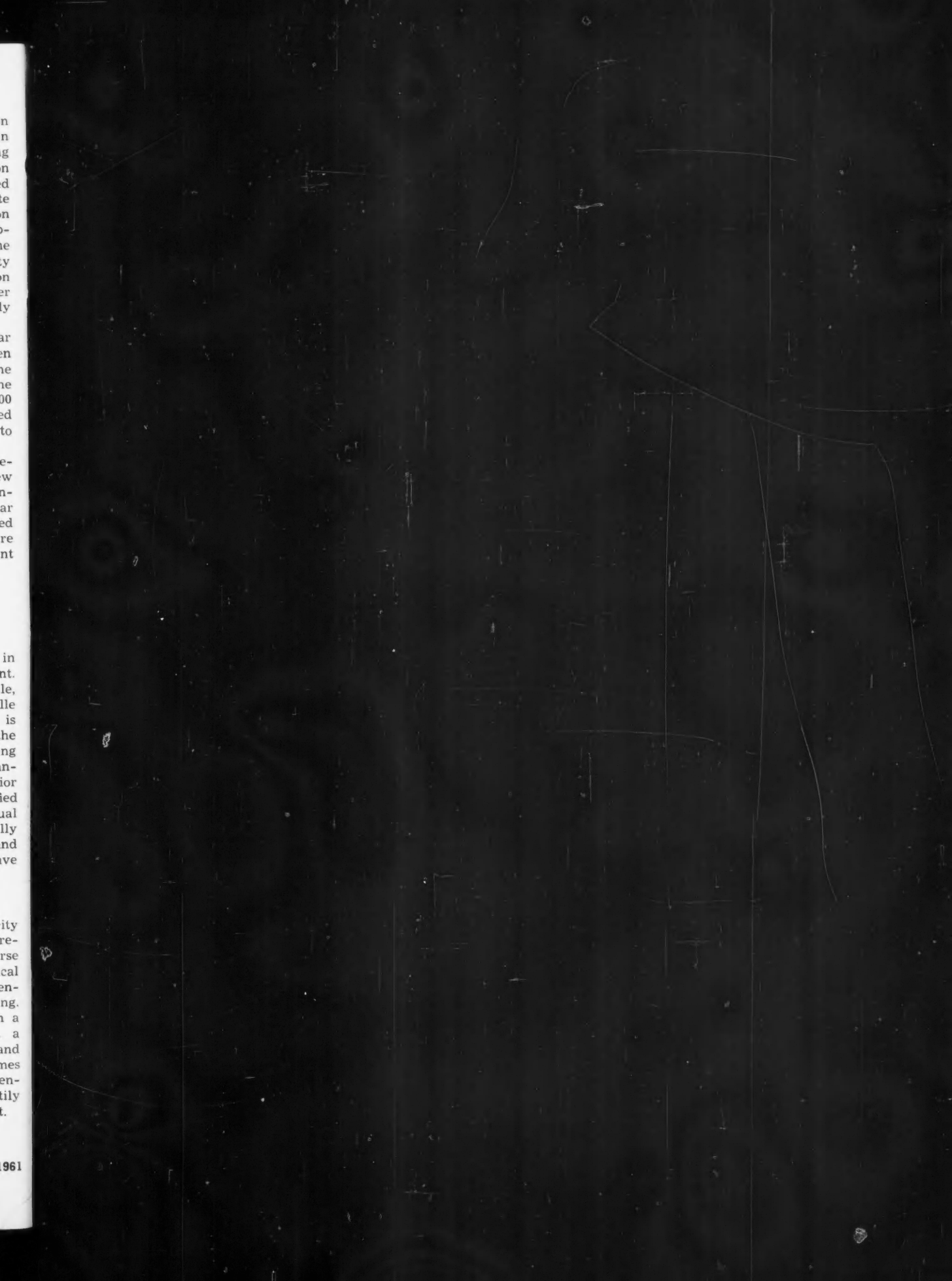
mall is not the same as a mall built in a structurally controlled environment. For example, the Town of Mooresville, North Carolina (see "The Mooresville Plan," *Urban Land*, March 1961), is instituting the basic steps first: the needed, close-by parking; the building improvement; the upgraded merchandising; the structural and interior building modernization; then the unified architectural appearance. The eventual pedestrian mall will be created finally because the traffic engineering and building access problems will have been treated first.

The Real Test

The pedestrian mall in central city areas has its place in downtown rejuvenation. The pedestrian concourse or the landscaped plaza is a physical feature that lends atmosphere, convenience and glamour to an urban setting. The real test in whether a mall in a downtown retail area will inject a lasting benefit for increasing sales and for stabilizing property values comes when the installation is comprehensively treated and not just hastily applied as a promotional experiment.

J.R.McK.